BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Labour Market

- **British Columbia's unemployment rate fell 0.5 percentage points to 8.6% (seasonally adjusted) in August.** The number of British Columbians with jobs increased by 10,300 while the labour force was unchanged. Quebec (-0.4 points, to 10.5%) was the only other province where the unemployment rate declined. Ontario's rate was unchanged at 7.2%. Unemployment rates in the rest of Canada ranged from a low of 5.5% in Alberta and Manitoba to 18.9% in Newfoundland. Nationally, the unemployment rate edged down from 8.4% to 8.3% in August. *Source: Statistics Canada*

- **Unemployment rates within BC continued to reflect regional differences in labour market conditions.** In the Northeast Region, which has been enjoying an oil and gas-based boom, the unemployment rate remained low (4.3%, 3-month moving average). Thompson/Okanagan (7.2%) and Mainland/Southwest (8.3%) also had below-average unemployment rates. In the rest of the province, rates ranged from 9.1% in Vancouver Island/Coast to 14.1% in Cariboo, where the unemployment rate has hovered around the fourteen percent mark during most of the year. *Source: Statistics Canada*

Self-Employment

- **The number of self-employed workers in BC resumed its upward trend following a brief hiatus at the beginning of the summer.** There were 405,000 self-employed workers in the province in August, 5.5% more than in the same month last year. Continued growth (+11.0%) in the number of people working alone (without any paid help) was the reason for the upturn. There were 4.2% fewer self-employed workers who had paid help this August than in the same month last year. *Source: Statistics Canada*

Public Sector Employment

- **The number of government sector employees in British Columbia declined 1.1% to 320,432 between the first quarter of 1997 and the same period this year.** Employment was down in all areas of the public sector except health and social service institutions (+1.5%, to 81,285). The largest declines were in local (-6.3%, to 36,129) and provincial general government (-3.1%, to 41,841). The number of people employed by the federal government (-1.2%, to 33,980), school boards (-0.5%, to 82,440) and universities and colleges (-0.4%, to 44,758) also fell.
  Source: Statistics Canada, Public Institutions Division

- **Nationally, there were 1.6% fewer government sector employees in the first quarter of this year than there had been a year earlier.** Government sector employment was down in all regions except New Brunswick (+1.0%) and Yukon (+1.8%). NWT (-3.7%), Quebec (-2.5%) and Ontario (-2.0%) posted the largest declines. In the rest of the country, decreases ranged from 1.3% in Nova Scotia to virtually no change (-0.1%) in Newfoundland.
  Source: Statistics Canada, Public Institutions Division

- **Relative to the size of its population, BC's government sector (all levels) was among the smallest in the country, with 81 workers for every 1,000 residents during the first quarter of 1998.** Only Ontario (76) had fewer government workers per person. The national average was 84, with ratios ranging from 85 in Alberta to 108 in PEI. Yukon (153), NWT (155), and some of the smaller provinces have relatively high employment to population ratios partly because the

Report **Not all doom and gloom on the investment front**

Did you know...?
Unionization rates are highest for professionals (48.7%) and construction (44.4%) workers. Among industries, government services (65.3%) and utilities (62.5%) lead the way.

small size of their population base prevents them from realizing some economies of scale in the provision of services.

Source: Statistics Canada, Public Institutions Division, BC STATS

Union Membership

- **During the first half of this year, 502,000 paid workers, representing 34.8% of all employees in BC, were union members.** British Columbia and Manitoba (also at 34.8%) had the third highest unionization rates in the country, after Newfoundland (40.0%) and Quebec (36.0%). The national average was 30.7%, with rates in other provinces ranging from 22.0% in Alberta to 33.8% in Saskatchewan.

  BC women (34.9%) had a marginally higher unionization rate than men (34.6%). Nationally, the opposite was true: 31.6% of men, and 29.8% of women, in the work force were union members.

  Source: SC, Catalogue 75-001-XPE, Special Release

Labour Income

- **The labour income (wages, salaries and benefits) of British Columbians increased 0.8% (seasonally adjusted) in June, after dropping off 0.7% in the previous month.** The increase was the second-highest in the country, after Yukon (+1.2%). Nationally, wages and salaries were down for the second straight month, falling 0.2% as seven of the twelve regions posted declines. *Source: Statistics Canada*

- **Despite relatively strong growth in June, labour income in the province did not change between the first and second quarters of the year.** Wages, salaries and benefits earned by workers rose in most parts of the country, at rates ranging from 0.6% in Ontario to 1.1% in Nova Scotia. Three regions–NWT (-1.8%), Yukon (-1.6%) and PEI (-0.7%)–posted declines. The national increase was 0.6%.

  Source: Statistics Canada

The Economy

- **The value of building permits issued by BC municipalities rose 9.3% to $455.6 million (seasonally adjusted) between June and July.** The increase was due to a surge in the value of non-residential construction permits, which rose 45.9% to $257.8 million. Planned investment in all components–commercial (+64.3%), industrial (+34.3%), and institutional (+18.0%) buildings–was sharply higher than in the previous month, with commercial building projects ($157.8 million) accounting for more than sixty percent of the total. However, the residential construction sector remained soft. Building permits for housing projects were down 17.6% as a result of declines in both the single- and multi-family components. Nationally, the value of building permits rose 1.0%, as a 5.6% increase in the non-residential sector was enough to offset a 3.4% decline in planned residential construction. Building permits were up in every province except Saskatchewan (-19.1%) and Ontario (-11.1%).

  Source: Statistics Canada

- **Department store sales in British Columbia and the territories were 1.8% higher this July than in the same month of 1997.** The increase in sales was well below the national average of 7.6%, and lower than in any other province except Newfoundland and PEI (+1.1%). In the rest of the country, department store sales increased at rates ranging from 2.5% in New Brunswick to 11.1% in Alberta. *Source: Statistics Canada*

The Nation

- **Canada's economy advanced 0.4% (seasonally adjusted) in the second quarter of 1998, after increasing 0.8% at the beginning of the year.** Consumer spending (+1.4%) and business investment (+1.3%) gained momentum. Investment in housing was down 1.6%, but the softness in the housing sector was offset by increased investment in non-residential structures (+3.5%) and more modest growth in purchases of machinery and equipment (+1.8%). Overall, final domestic demand was up 1.2%, but GDP growth was dampened by a weaker trade surplus. Exports continued to rise (+1.3%), but not as fast (+1.5%) as the demand for imported goods and services. *Source: Statistics Canada*

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Infoline Report

Not all doom and gloom on the capital projects front

Contact: Jackie Hamilton (250) 598-9080

Originally published in June 1998 issue of *Major Projects Inventory*. Annual subscription is $75 + GST

The forest industry directly accounts for 49% of BC's manufacturing shipments, 45% of the province's total international exports, and 6% of the provincial workforce, according to figures from Statistics Canada. As is well known, the current Asian-influenced downturn in the forest industry has resulted in a drop in some of BC's economic indicators. There is no doubt that these indicators represent a serious concern. However, the entire picture of BC's economy includes some potential bright spots.

Although, in the past six months, BC forest companies have completed construction of two new sawmills, undertaken upgrades or improvements at the Harmac and Powell River pulp mills, and are proposing an improvement at the Crofton pulp mill, other planned projects listed in the Major Projects Inventory are waiting for better times. In the past year, two medium density fibreboard plant proposals and a cogeneration plant proposal were dropped from the Major Projects Inventory listings, while two sawmill upgrades continue to be on hold. Planned improvements at many operations are on hold, and transfers of ownership, closures and consolidations can be expected to continue.

Municipalities contacted for this issue of the Major Projects Inventory have reported a minor to moderate slowdown in development permit applications, but indicate confidence that activity is expected to increase soon in spite of the current economic indicators. Announcement of several new office towers in the Vancouver market have surprised many, despite stalled plans by some developers for office development projects, given a flat market for office space. Some developers have put their Vancouver projects on hold and are concentrating activity in their Alberta operations. The slowing migration to BC, as indicated by the first quarter statistics, has had an impact on housing starts, with the Greater Vancouver Home Builders Association projecting housing starts for 1998 at 22,000, down from 29,000 starts last year. But Kelowna's development activity continues to increase, with at least twelve major residential/commercial developments approved or moving through the planning process (not all are listed in the Major Projects Inventory at the time of writing).

Proposed industrial project activity over the past year is partly the result of the promise of incentives from the BC government, such as competitive electricity supply, tax incentives and proposed simplifying of regulatory hurdles. For smelters alone, the BC government has signed agreements for feasibility studies with four aluminum smelter companies and one copper smelter company, and is seeking agreements with two other aluminum producers and a silicon metal producer.

Other incentives or requests for proposals by the BC government have resulted in project interest from at least three film studio projects and a series of casino projects. The announcements of new schools (at least 14 large projects in design or under construction are listed in the MPI) or expansions, hospitals (notably the recently announced Port Alberni hospital), road and bridge upgrades (several major projects and more planned),and forest renewal/fisheries renewal activities are all part of government's traditional approach to job creation activity.

The oil and gas sector is experiencing a fifteen-year high in project activity in BC (see the September 1997 Major Projects Inventory lead article), and the May 1998 announcement of an Oil and Gas Commission for fast tracking project approvals in BC's northeast oil and gas fields is expected to result in greater activity over the longer term. Expect more activity in companies supplying gas to the growing Lower Mainland/ Vancouver Island market, even though BC Gas' Southern Crossing pipeline project, designed to do just that, was sent back to the drawing board by the BC Utilities Commission in April. BC Hydro has issued a request for expressions of interest to several contenders for supplying gas to new and pro-

posed projects in the Lower Mainland/Vancouver Island area.

The mining industry in BC will have an easier time with approvals for exploration activity under the new Mining Rights Amendment Act announced in April 1998. This and other initiatives aimed at reducing regulatory red tape may have the effect of slowing or reversing the decline in exploration and development spending experienced over the past decade. The MPI lists 17 mining projects, three of which are currently under construction and one recently went into operation (see MPI's lead article for December 1997). Four new mine proposals have been included in the MPI in the past six months. Price Waterhouse's 1997 report on the Mining Industry in British Columbia indicates that despite increased production and shipments, net earnings in the mining industry declined, mainly as a result of lower world metal prices. Increases in exploration activity are considered to be essential to maintain the mining industry.

British Columbia's economy is expected to rebound over the medium term, according to many economic forecasts. Smaller sectors such as technology, transportation equipment and services, and communications sectors are expected to continue solid growth and make an increasing contribution to overall economic performance in BC, although they currently have a limited impact on overall economic activity. British Columbia's economy is expected to gradually improve, although will lag slightly behind the rest of Canada during 1999–2000 period.

Jackie Hamilton
JACKIE HAMILTON & ASSOCIATES

Note: the views expressed in this article are those of the author, and should not be construed as having any link to the position of any BC government agency or person.

Broaden your knowledge of major projects shaping the province with a subscription to *Major Projects Inventory* . . .

Released four times a year the project listings, articles and statistical tables spell O-P-P-O-R-T-U-N-I-T-Y to the myriad businesses that can benefit from spending on this scale. Others, such as planners and policy makers have a simple need to be aware of external factors that may impact their areas of concern.

The *Major Projects Inventory* is unique among the regular periodicals of BC STATS in combining research skills and insights from the private sector with our objectivity and statistical presentations. Individual copies may be purchased for $25, an annual subscription is $75.

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BC at a glance . . .

POPULATION (thousands)	Apr 1/98	% change on one year ago
BC	3,958.7	1.4
Canada	30,488.9	1.0
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	25,039	0.2
Personal Disposable Income *($ 1992 per Capita)*	16,515	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jun	2,743	-5.2
Merchandise Exports (raw) Jun	2,074	-9.1
Retail Sales (seasonally adjusted) Jun	2,775	2.1
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Jul '98	one year ago
BC	110.4	0.5
Canada	108.8	1.0
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Aug '98	one year ago
Labour Force - BC	2,040	0.5
Employed - BC	1,864	0.5
Unemployed - BC	176	0.5
		Aug '97
Unemployment Rate - BC *(percent)*	8.6	8.6
Unemployment Rate - Canada *(percent)*	8.3	9.0
INTEREST RATES (percent)	Sept 2/98	Sept 3/97
Prime Business Rate	7.50	4.75
Conventional Mortgages - 1 year	7.45	5.65
- 5 year	7.55	7.00
US/CANADA EXCHANGE RATE	Sept 2/98	Sept 3/97
(avg. noon spot rate) Cdn $	1.5370	1.3831
US $ *(reciprocal of above rate)*	0.6506	0.7230
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Jun '98	one year ago
BC	622.54	0.2
Canada	605.61	0.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

British Columbians recognize the value of buying products produced in BC and enthusiastically respond to supermarket labels and local artists. Many companies and institutions already make a point of considering the local alternatives when sourcing products. But often they are not aware of local suppliers, especially the start-up and smaller businesses that may be in their own back yard. If this sounds like a familiar problem we have a time honoured solution.

As a resource book on the provincial manufacturing and software sectors, the ***1998 BC Manufacturers' Directory*** is unparalleled. The 5,700 companies in the directory have all been contacted for verification within the past year to provide you with the most accurate directory in the market place.

Listings by company name, by industry, by product and by location make it possible to quickly source local goods and processors. Here's your chance to exercise your buy-local philosophy and discover a world of products on your doorstep.

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- Tourism Room Revenue, May 1998

Next week

- Labour Force Statistics, August 1998

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